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2010 VITA Grant Program

Financial and Management Reporting Requirements

VITA - TCE Grant Orientation Conference
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Discussion Overview

- **VITA Grant Program Expectations**
    - **Communication**
    - **Documentation**
    - **Authorized Charges**
    - **Grant Funds on Hand**
    - **Territory Involvement**
- **Reporting Requirements**
    - **Payment Management System**
    - **Year-End Reports**
    - **Submitting Your Reports**

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Expectations – Communication

- **Communicate issues that may impact your plan, such as:**
  - **Need to change expenses between categories**
  - **Increase or decrease in sites or number of volunteers**
  - **Technology changes**
  - **Change in key personnel**
- **Concerns about the VITA Grant Program and its requirements**

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We realize that changes may occur throughout the grant period. Let us know when a change is necessary. This includes changes to the budget plan, such as inability to use all the funds, and need to shift dollars from one category to another (salary to technology), etc. Also, share changes to the business result plan. This would include changes to site operations, such as opening fewer sites.

Expectations – Documentation

- **Keep up-to-date documentation on expenditures and matching funds**
- **Ensure process in place to account for direct activities and expenditures for the grant**
- **Document matching funds and in-kind contributions**

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- The grant recipient is responsible for documenting their expenditures and their use of matching funds. Have a plan.
- If working with multiple organizations, have each submit documentation when funding is requested or at specific times throughout the period.
- Keep track of matching funds.
- Documentation is also required for in-kind matching. Obtain complete description of in-kind contribution and value including how the value was determined.
- For volunteer services, daily time reporting is required since the measure is on number of hours. OMB 2 CFR 230, App. B, 8.m.(3) states that hours worked must be supported by records indicating the total number of hours worked each day.
- For more information, OMB 2 CFR 215.2 (kk) defines *Third party in-kind contributions* as the value of non-cash contributions provided by non-federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

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Expectations – Authorized Charges

- **Avoid unauthorized charges to the grant, such as:**
  - **Salary for tax return preparers, quality reviewers, or screeners**
  - **Salary for individuals not directly involved in the program**
  - **Volunteer recognition items in excess of $10 per volunteer**
- **Keep charges in line with other programs operated**

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- Purchases should be those described in your budget plan and should not include any prohibited purchases, such entertainment expenses, capital improvements, alcoholic beverages, late fees or penalties, etc.

- We placed a limit on volunteer recognition funds paid from the grant. It is $10 per volunteer. If purchases exceed this amount, they must come from your own funds.

- Expenses charged to the grant program must be in line with other programs charges. For instance, if you normally reimburse travel at 45 cents per mile for your employees, volunteers should be reimbursed at this same level.

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Authorized Charges

Charges to the grant need to be:
- Allowable
  - Treated consistently
  - Determined in accordance with Generally Accepted Accounting Principles (GAAP)
  - Net of applicable credits
  - Not a cost used to meet matching of another federal grant
  - Documented
  - Not prohibited under federal, state or local laws
  - Conform to limits or exclusions
  - Consistent with the recipient's policies, regulations and procedures

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Allowable expenses must:

- Be treated consistently. Charges should stay consistent among categories. Printer cartridges should not be considered a supply purchase one time and then the next time considered an e-file purchase.

- Be a net of applicable credits. Rebates or refunds that reduce the overall cost of an item must be considered. A computer purchased for $600 but with a $50 rebate should be charged at $550.

- Not be a cost used to meet matching of another federal grant. If computer equipment was pledged as matching on another federal grant, it cannot be pledged as matching on the VITA grant. If an individual provides services to multiple grants, only that portion not attributed to the other grants can be allowable to the VITA grant.

- Documented. Keep records to account for expenditures. If quotes were received to determine best prices, keep these documents as well. Keep a record of in-kind contributions and matching contributions.

- Not prohibited under federal, state or local laws. Federal funds cannot be used for lobbying. Use of the VITA grant funds for this purpose is prohibited.

- Conform to limits or exclusions. A good example of this is the $10 limit per volunteer on recognition items. Costs above this would not conform to the limit.

- Consistent with recipient's policies, regulations and procedures. A good example is the reimbursement of expenses. Another might be the process where all purchases in the organization over $250 require a second approval and/or signature.

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Authorized Charges

- Allocable
  - Incurred specifically for grant
  - Benefits both grant and other work but can be distributed
  - Is necessary to operation
- Reasonable – cost does not exceed that which a prudent person under prevailing circumstances determines

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Allocable - Purchases limited to grant period of October 1, 2009 – June 30, 2010. An example of an expense that could not be allocable to the VITA grant is the purchase of computers on August 15, 2009. Since the grant period does not begin until October 1, 2009, the expense is not allocable to the grant regardless of whether the equipment will be used for the VITA grant activities. Had the purchase been on or after October 1, 2009, and the equipment was being used for the grant, it would have been allocable.

An expense that benefits more than one program is allocable when it can be distributed. For instance, two computers are purchased to staff a site where return preparation will occur 4 hours each day. The computers are used 6 hours each day to teach unemployed individuals new job skills. Forty percent of the cost could be allocated to the VITA program.

Reasonable – The purchase of a computer costing $4000 would not be reasonable to the VITA grant. Software requirements for tax return preparation are limited and do not require the latest, greatest technology. Paying $20 for a pen would not be reasonable.

Be sure not to create the perception that purchases may be made under undue influence. For instance, using the brother of the organization president for all publicity may be perceived as undue influence. Clear documentation comparing comparable services should be done and then, if not strong position, avoid the appearance.

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Indirect expenses are cost not directly related to the program but required for effective operation of the overall grant recipient. Examples of such charges include: accounting personnel who tracks all expenses, building maintenance, security, etc.

The OMB guidance covering cost principles directs that the federal agency providing an organization the largest annual award of funds will approve their indirect cost rate. For many agencies, the VITA grant is not the largest federal grant received because of the many roles an agency may serve so the indirect cost rate has already been established through a different agency. For those agencies where the VITA grant is the largest federal grant provider and indirect expenses will be allocated to the grant, the Grant Program Office will work with your agency to establish the indirect cost rate.

Please let us know if this applies to your agency and we will include you in all communications around the establishment of the indirect cost rate.

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Expectation - Limit Federal Dollars on Hand

- Determine how and when funds will be withdrawn
- If using a reimbursement plan, request after expenditure upon presentation of receipt
- For anticipated expense, request 3-4 days before payment due – be sure to get receipt after disbursement
- A combination of these methods may be used

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Monies requested should be limited to those funds that will be used in 2-3 business days.

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Expectations – Involve Territory in VITA Program Issues

Relationship manager is first contact for VITA Program issues, such as:
- Software orders
- Site operations reporting
- Volunteer reporting
- Quality requirements
- Training plan development
- Production reporting

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The Grant Program Office can provide information about the grant requirements but VITA program requirements and issues should be worked through the local territory offices. This would include such things as establishing the hours of operations, reporting volunteers, ordering software, receiving production reports, answering questions about software operation, etc.

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Reporting Requirements

Payment Management System Quarterly Report
  - **Required form**
  - **Due dates**
- **Grant Program Office Year-End Reports**
  - **Required forms**
  - **Due date**
  - **Program narrative components**
- **Where to Submit Your Reports**

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Payment Mgmt System Quarterly Reports- Federal Financial Report 425

- Complete electronically and submit to the Division of Payment Management
- Fax or e-mail copy to the Grant Program Office

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**Payment Mgmt System
Quarterly Reports- Federal
Financial Report 425**

<u>Due Date - 30 days after end of quarter</u>
- **Qtr. ending 12/31/2009 due 1/30/2010**
- **Qtr. ending 3/31/2010 due 4/30/2010**
- **Qtr. ending 6/30/2010 due 7/30/2010**
- **Qtr. ending 9/30/2010 due 10/30/2010**

*Note: Failure to submit reports by the due date may result in
freezing of grant funds, termination of the grant, and will impact
consideration for subsequent year grants.*

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Failure to submit reports on time could result in freezing of the account and will impact future consideration.

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Year-End Reports

Standard Form PPR – Performance Progress Report

Year-End Program Narrative

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Year-end Reports

- **Reports cover entire grant period: 7/1/2009 – 6/30/10**

- **Due Date – 90 days after the end of the grant period : 9/30/10**

Note: Failure to submit reports by the due date may result in non-consideration for future VITA Grant awards.

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Standard Form PPR

SF PPR – Performance Progress Report - Includes a performance narrative and final listing of sites opened.

Related Reports:

SF PPR-A - Performance Measures

SF PPR-B - Program Indicators

Note: Detailed instruction on completing these forms will be provided by December 31, 2009.

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The Grant Program Office is in the process of transitioning to these newly mandated OMB forms for reporting. More information will be provided on the use of the forms by December 31, 2009.

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**Year-end Program
Narrative Components**

1. Implementation of the VITA Program
2. VITA Program Publicity
3. Return Preparation
4. Site Information
5. Volunteer Training
6. Quality Control
7. Sustainability and Growth
8. Increased e-file Capacity

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These components go hand-in-hand with the proposed program plan submitted with the application or revised with the Grant Agreement.

We're interested in understanding how the monies were spent and how they impacted your overall program. Be sure to report on both successes and pitfalls encountered, so that we can understand the full challenges of delivering a VITA program under a VITA Grant.

Year-end Program
Narrative Components (Cont'd.)

1. Implementation of the VITA Program

Describe the strategy for monitoring and evaluating the effectiveness of your program and the results achieved.

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Include how you defined and measured the success of your program.

Be sure your narrative answers the following questions:

- What did you do?
- Were you able to implement any changes because of the VITA Grant funds? Were these changes successful?
- How did you ensure adherence to quality site requirements?
- Did you increase service over the prior year? How? What made the difference?

Only speak to those aspects of the program not covered in a subsequent section of the report.

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Year-end Program
Narrative Components (Cont'd.)

2. VITA Program Publicity

Specify the messages, methods,
materials, and channels utilized.

Include examples and whether they made a difference. Did you attract the audience you were after? Did you use specialized skills to service these audiences, e.g., interpreters?

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Year-end Program
Narrative Components (Cont'd.)

3. Return Preparation

Identify tools used to determine
production.

How did you account for your production? Did you have to establish any specialized
reporting? Did you have to implement any special consents for the taxpayers served to
ensure availability of data for reporting to IRS and to other funders?

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**Year-end Program
Narrative Components** (Cont'd.)

4. Site Information

**Provide pertinent site information such
as SIDN, EFIN, address, hours of
operation, etc.**

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Share specific information on all sites established. Were any established for a specific audience? Were any ad hoc to meet a specific need? Describe any unique actions or activities that supported establishment and/or expansion of sites.

**Year-end Program
Narrative Components** (Cont'd.)

5. Volunteer Training

**Describe how tax law and software
training was provided.**

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Describe your training delivery. Talk about the specifics of training to include how, when, length, and resources used. Share any specialized training developed for screeners, transmitters, etc. Tell us how you helped new volunteers become comfortable in their tax return prep role. Did you solicit feedback on the training? What were the results?

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Tell us what you did to improve the quality of returns prepared and the quality of VITA site operations. Share any problem areas identified and how you responded to them to effect a change during the season. Did it work or not? Provide copies of any enhanced procedures/forms beyond those we require. Discuss how quality reviews were conducted? If using different types, was one more successful that the other? How did you measure? What did you do to ensure privacy and confidentiality of information maintained as a result of tax return preparation?

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Did the VITA grant make your program more sustainable for future years? How do you measure? Was customer satisfaction measured? If so, what did it say? Many of you formed new coalitions to compete for the grant, how does this impact sustainability and growth of the VITA program? Did you do anything specific to attract new and retain existing volunteers? Was it successful? Were you able to secure additional matching funds? Did you increase your e-file capacity through new equipment/technology? Are new sites and/or hours or operations sustainable for future years?

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Year-end Program
Narrative Components (Cont'd.)

8. Increased E-file Capacity

Describe steps taken to increase e-file, i.e. additional sites, increased hours of service, additional volunteers.

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Year-End Program Narrative Format

Narrative must be:

- **Typed**
- **Double-spaced**
- **Numbered to correspond with components (1..2..3..etc.)**

Submitting Your Reports

All IRS reports should be mailed to:

Internal Revenue Service
Grant Program Office
Attn: Assigned Tax Analyst
401 W. Peachtree Street NW
Stop 420-D
Atlanta, GA 30308

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Reminders

- **Submit FFR 425 30 days after quarter ends**
- **Submit year-end reports by 9/30/2010**
- **Request an extension of time to submit reports <u>only under unusual circumstances</u>**

Note: Failure to submit reports by the due date may result in freezing of grant funds, termination of the grant and will impact consideration for subsequent year grants.

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Use Your Resources

- Review Publication 4671 – *2010 Program Overview and Application Package*
- Grant Reporting Requirements (Award Document
- Contact your assigned Tax Analyst in the Grant Program Office
- Contact the Grant Program Office via:
  Telephone - (404) 338-7894
  E-mail - grant.program.office@irs.gov
- For VITA Program issues, contact your territory relationship manager.

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Financial and Management
Reporting Requirements

**Question & Answer
Session**

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